



# *Women in Business Market Brief*

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## **BELGIUM**

### **AUTOMOTIVE PARTS AND SERVICE EQUIPMENT**

Belgium's automotive industry has always been one of the strongest components of its economy. Belgium is a world leader in the car assembly industry; with more than 95% of its output destined for export, Belgium has the highest per capita production in the world.

There is a fairly high renewal rate of cars in Belgium and there are 5.9 million motor vehicles registered in the country. In 2002, 467,000 new cars, excluding 46,000 utility vehicles were on the road; 492,000 used cars and 64,000 utility vehicles were resold. Each year 485,000 vehicles fail to pass technical inspections and cannot be driven; 190,000 of these cars are stripped for parts, recycled and crushed while the rest are resold abroad.

This thriving manufacturing and assembly industry has helped fuel a vigorous national automotive supply network. Currently, over 250 firms cater supply the industry with raw materials, components, services and systems. These firms represent a turnover of about \$11 billion and provide employment for some 25,000. With new supplier parks planned for Genk and Ghent, the Belgian Automotive Suppliers Association predicts this figure will continue to rise steadily over the next few years.

Due to the high cost of gasoline and relatively poor gas mileage, 62% of newly registered cars are diesel-powered. Market share has risen steadily over the past ten years and should continue to increase. However, 55% of cars are gasoline powered and less than 1% use liquefied petroleum gas.

In Belgium, 90% of cars have a displacement under 2 liters. Fiscal burden is very heavy for larger displacement engines. For reference, a 3-liter engine would cost over \$2,000 to register and over \$2,000 in annual taxes.

In the repair and service equipment market, the most promising products are air-conditioning maintenance equipment, electronic diagnostic devices, emission testing equipment and testing equipment for technical inspection stations.

Environmental awareness is the most recent trend in the Belgian automotive industry, especially vehicle recycling; 85% of a newly registered car's weight must be recyclable, by 2015, it will be 95%.

Automotive (\$ in millions)	2001	2002 (est.)	2003 (est.)
Total Market Size	16,524	19,546	17,355
Total Local Production	21,765	25,745	23,546
Total Exports	24,952	29,515	28,002
Total Imports (incl. from U.S.)	19,711	23,316	21,811
Total Imports from U.S.	986	1,166	992
Exchange Rate: Euro per \$	0.8952	0.9454	1.1397

The above statistics are estimates based on FEDERAUTO data, [www.federauto.be](http://www.federauto.be)

**Best prospects:** anti-theft devices, fast-rotating replacement parts, and gadgets for in-car entertainment, customizing and sport accessories, car maintenance chemicals, hands-free telephone kits, and GPS devices. Quality American garage and test equipment is also highly respected.

## ENVIRONMENTAL TECHNOLOGY

Belgium is one of the most densely populated and industrialized areas in the world. As a result, it faces numerous pollution and waste management problems. Increased attention has been given to environmental regulations and consumer protection issues. In addition, implementation of EU directives has resulted in the establishment of stringent emission controls, stricter recycling goals and waste reduction at the source, decontamination of polluted soils, as well as the creation and modernization of numerous sewers and wastewater treatment facilities.

The three regional governments of Belgium, each responsible for environmental issues and implementation of European environmental legislation in its area, have set up specific long-term environmental management plans to reach EU goals. All industry sectors are under growing pressure to reduce pollution, driving a rapidly expanding market in Belgium for environmental technologies and services.

Belgium has been especially late in complying with EU water treatment directives. As a consequence, all three regions are investing considerable amounts for the construction and upgrading of their municipal water treatment plants, collectors and sewers by 2005. Adapting water quality to new microbiological standards is also a priority, as well as reducing groundwater contamination. In the coming years, Belgium will also plan considerable investments in increased air pollution control in order to reduce emissions in urban areas, mainly produced by intense motor vehicle, aviation and domestic heating. Belgium has an excellent record of national waste management. However, upcoming EU directives designed to increase recycling targets, in various waste streams will require further waste management investments in niche sectors, i.e., electrical and electronic equipment, used tires and cars, construction and demolition waste, healthcare waste and chlorinated solvents.

The northern Flanders region plans to clean all contaminated industrial sites by 2036. Industrial site owners are now liable, for their lifetime, for pollution generated on a site. By 2003, gas station soil will need to be sampled and potentially de-polluted of hydrocarbons. The southern Walloon region plans to clean old contaminated sites by 2010.

EU environmental expenditure (public and private sector) is approximately 2.3% of GNP, and is estimated for Belgium at approximately \$ 5.5 billion divided among water treatment, waste management, soil remediation, air and noise pollution control, and environmental consultancy. The Belgium environmental market is very competitive, primarily engineering and service-oriented, with reputable engineering companies. Imports and business partnerships in environmental technologies come primarily from Belgium's EU neighbors, France, Germany, and The Netherlands.

**Market Size:** Estimated market size of pollution control equipment/services (in US \$ millions). These are unofficial statistics due to lack of published statistics in this market. Note: differences in the average annual exchange rates can distort change in market size.

Environmental (\$ in millions)	2001	2002	2003
Total Market Size	5,297	5,471	5,520
Total Local Production	5,811	6,002	6,055
Total Exports	1,483	1,532	1,545
Total Imports	969	1,001	1,010
Total Imports from U.S.	87	90	91
Exchange Rate Euro per \$	1.12	1.06	0.88

**Best Prospects:** Current best prospects include, measurement, monitoring and analysis instruments, sludge treatment, small individual and semi-collective water treatment plants of 5 to 100 EP, recycling of all waste streams, emissions treatment systems, motor vehicles emissions control, in-situ soil bioremediation and off-site soil cleaning technologies.

## GENERAL CONSUMER GOODS

The Belgian import and distributor market is constantly on the lookout for good quality and niche consumer products. Clothing and shoes, sporting goods, cosmetics and toiletries, food, furniture, interior decoration articles, electrical appliances, and toys are popular. There is much demand for innovative, practical and traditional U.S. products. Emphasis is placed on bio-ecology, the “wellness” trend and high quality.

According to FEDIS, the Belgian federation of distributors, retail trade, with a yearly turnover of \$68.4 billion, represents about 50% of Belgian private household consumption. A third of the purchasing power, about \$23 billion, goes to the purchase of food. Textile and clothing represents about \$10.5 billion, while furniture and household products are good for \$10.5 billion. There are about 55,000 enterprises active in wholesale, and 115,000 in retail trade.

Three consumer groups influence Belgian consumption and purchasing patterns:

**Children and infants:** Even though the term “millennium boom” is probably exaggerated for Belgium, the natural birth rate did increase and 2.41 million Belgians are now between infancy to 19 years of age. Add to this Belgian demographic, marriage at a later age, two-parent-working families, divorced spouses and the dynamic phenomenon of “baby boom” grandparents, and a booming market based on demand from doting parents and grandparents is quickly developing. There is a niche market for American companies.

Original infant and children’s clothing, educational toys, products related to nursing, bio-food products, wooden furniture and products with youth themes are popular. A recently developed Belgian retail concept is “birth shops,” where products associated with pregnancy and births can be found. The custom of the mostly Catholic-oriented population in Belgium tending to give small gifts and/or sugar beans at birth, sending cards announcing the birth of the child and celebrating baptisms and communions also present export possibilities for U.S. companies. At a birth, the parents and grandparents receive a package filled with sample products and discount coupons distributed by the Belgian firms Familyservice and Babyboom. Specialized shops, including Bay Expert, Prémaman, and Diana Baby Junior, as well as supermarkets, now have a series of products centered around themes appealing to children, parents and grandparents.

**Generation M:** The new generation M, also called “adolescents” or “Kidults,” forms another demographic trend in Belgium and also represents a buying force for U.S. companies. The term “generation M” refers to those born after 1970. M stands for “Me, Myself and I,” “middle income” and “millennium, marketing and media.”

This generation will opt to purchase bio-food products at special stores, such as Ekki, and purchase “civilly responsible” products at specialty stores such as Oxfam and Max Havelaar. The Belgian government has even identified this trend and will promote a “social label” to identify such products. References to the sixties and to adventure are considered hip. Sport clubs, saunas, massages, thalasso therapy and beauty farms are extremely popular. Consequently consumer goods in the cosmetics, toiletry and wellness sectors are doing particular well.

**Baby boomers:** The Organization for Economic Cooperation and Development reports that only 41% of Belgians between the ages of 50 and 64 are working, which is 14% lower than the OECD average. A similar study by Vlerick Management School states that pre-pensioners who voluntarily

take up early retirement are an important segment of the Belgian population, amounting to nearly 158,000 people. Senior baby boomers wield impressive buying potential.

There is a demand for specific consumer goods within this niche market. Extra comfort is sought via special ergonomic chairs, pillows, beds, mattresses, baths or showers with sauna and massage effects. Consumer goods mostly focusing on seniors are doing well, e.g., hearing aids, glasses and lenses, hair coloring products, and dentures. In the new “wellness” culture, vitamins, moisturizing creams, cosmetics, biofood and diet products are popular. Television, video, microwave, refrigerators, espresso machines, and dishwashers are considered household necessities.

This generation also likes to buy luxury items such as high-end clothing, jewelry, and sporting gear and fine wines. With their grown children moving out of the house, they either buy apartments or opt to redecorate their old houses with interior decorators. Consequently, there is a market for rich upholstery textiles, original interior decoration articles, construction and building materials, and security services to protect their property. Food remains important to “cocooning” young seniors.

In view of the above, American suppliers and manufacturers seeking a marketing edge may want to consider selecting consumer products for Belgium that appeal to members of these three consumer groups: infants and children, Generation M and their baby-boom (grand) parents.

The following table gives an overview of the total Belgian population according to age, plus an estimate of the market for household consumption of consumer goods.

Belgian Population 2002 (millions)	
0-19	2.4
20-64	6.15
65-65+	1.74
Total Population	10.2
Household Consumption of Consumer Goods 2002 (\$ in millions)	
Food	23,000
Textile and Clothing	10,500
Furniture and Household	10,500
Total	68,400
Exchange Rate Euro per \$	1.06

**Best Prospects:** infant and children’s clothing, educational toys, products related to nursing, wooden furniture, bio-food products, cosmetics, toiletry and wellness related products, hearing aids, glasses, hair coloring products and dentures, luxury sporting goods, interior decoration articles.

## MEDICAL EQUIPMENT

The Belgian medical device market is considered a growth industry and will continue to provide very good potential for U.S. suppliers of innovative products. Belgium has a long list of medical equipment approved for reimbursement and a straightforward reimbursement system. This reimbursement system and a stable economy contribute to making Belgium an attractive market for U.S. healthcare companies.

The Belgian market for medical equipment is estimated at \$1.55 billion. Over the past 5 years this sector has seen an annual growth of approximately 5%. The Belgian Social Security system, which includes the Health Care System, is considered among the most extensive and efficient in Europe. It covers nearly 100% of the population of 10.1 million inhabitants. In the most severe cases, such as

cancer or heart conditions, reimbursement rates are up to 100% of the total cost of hospitalization, surgery, implants and products. However, in most cases, reimbursement is approximately 75% of the total cost of medical treatments, services and products.

Belgium produces less than 15% of its overall needs for medical equipment. This leaves the market open for heavy competition among suppliers from the U.S., France, Germany and Great Britain. The United States currently has a 30% share of total medical equipment imports into Belgium. American technology is particularly highly esteemed. As a result, a significant percentage of American exports are for innovative, high-tech equipment.

Belgium is also an effective starting point for marketing medical equipment to the rest of Europe due to its geographical location, effective health care system, and relatively open attitude toward procurement.

Belgian hospitals, especially those managed by medical schools (university hospitals), are always seeking to acquire the latest technology. In addition, all graduating physicians, whether they are specialists or general practitioners, perform their internships in one or several of these hospitals. Therefore, university hospitals are trendsetters and should be considered as prime marketing targets by any supplier of innovative medical equipment or products. Currently there are 150 hospitals in Belgium, with a total of 55,732 beds. The annual investment in new and replacement hospital equipment is estimated at over USD 200 million.

The Belgian Health Care system is a combination of public and private insurance. Five “Mutualities,” which have some of the same characteristics as HMO’s, plus one public fund, serve as health insurance carriers in Belgium. These “mutualities” are responsible for the reimbursement of medical services and treatments provided to their members.

There is no difference in marketing medical equipment to public or private hospitals. However, for public hospitals the purchasing department must issue an official tender to all related suppliers of the item being purchased. Private hospitals have more flexibility in their procurement practices. Even though they are not required to issue official tenders, their purchasing department calls for bids when it comes to procuring expensive equipment

**Best Prospects:** U.S. healthcare products and services enjoy an excellent reputation in Belgium and as such, the Belgian market is open to a broad range of U.S. medical products and services, including electro-medical, cardiology, orthopedic, non-invasive surgery and rehabilitation equipment. Belgian buyers are looking for high-quality, reliable products with low maintenance requirements. Strong after-sales service is very important in maintaining customers. In general, healthcare products and services that demonstrate a cost or utility benefit will provide immense potential for U.S. companies.

## **SECURITY AND SAFETY EQUIPMENT**

The Belgian market for safety and security equipment and services has grown significantly in the recent years. The growing feeling of insecurity and the presence of several international organizations and embassies have increased the demand for sophisticated security equipment and guarding services.

Due to the increase of robberies of private residences and the continuing rise of violent break-ins of SMEs, a truly booming sub-sector within the Belgian security market is alarm control management. The Belgian Government recently passed a law allowing small and medium-sized enterprises to make 13.5% of their investments in securing their premises tax-deductible. A new law defining the different responsibilities of police forces and private security firms has expanded the scope and market potential for security firms. Safety at work is getting more attention by the Government and by the industry. A media campaign was launched this year to promote safety measures and special protective clothing on the work floor.

The Belgian market for security equipment is largely an import market. About 90% of the equipment is imported from neighboring countries. Quite often, alarm systems are assembled in Belgium using parts from several different suppliers. Safety apparel is usually fabricated in Belgium while safety related equipment is imported from other countries, including the U.S.

Many homes and apartments are equipped with intrusion alarm systems. Multinationals and international institutions require more sophisticated equipment like CCTV, video surveillance, access control and guarding services. Since the reform of the police forces, private security firms are taking over some of their non-essential responsibilities. Safety at work is becoming more important and the Federal Employment Ministry launched a media campaign promoting the use of safety clothing at work.

**Best Prospects:** intrusion alarm systems, sophisticated equipment like CCTV, video surveillance, access control, guarding services, safety clothing.

## TELECOMMUNICATIONS

During 2001 and 2002, the sector was in crisis. As a result, the market was confronted with numerous shifts among market players. In the meantime, telecom companies have been reaching out to new technologies such as IP-VPN, xDSL, WLAN, and iTV as a way out of the crisis. Major investments in competing new platforms are planned for the near future. Belgacom, Belgium's former telecom monopoly holder, recently announced its \$500 million investment program, called "Broadway," to take place between now and 2013 to create a fine-meshed fiber optic infrastructure with VDSL technology with speeds up to 10Mbps. Telenet, Belgacom's largest competitor in the broadband field, announced a similar investment program to upgrade its current cable network. Both operators are also launching digital TV and iDTV projects and have entered the Wi-Fi market. Mobile telecom operators continue to invest in 2.5G networks and are currently making investment decisions and choices of equipment suppliers for their 3G networks.

On the enterprise side, the new technologies of choice are IP, VPN, and VoIP principally because solutions with these technologies are cheaper than older ones, such as Frame Relay. Business customers are spending cautiously and in increments, and this trend is expected to become a permanent feature of the market.

Federal, regional, and local e-government initiatives to promote Internet use by citizens and companies are expected to give a major boost to spending on ICT equipment. U.S. manufacturers offering state-of-the-art equipment in the technology fields listed above should find excellent sales opportunities in the Belgian market.

Telecomm Equipment (\$ in millions)	2001	2002	2003
Total market size	2043	2157	2355
Total Local Production	1471	1553	1696
Total Exports	1001	1057	1154
Total Imports	1573	1661	1813
Total Imports from US	598	631	707
Exchange rate \$ per euro	0.90	0.95	1.14

The above statistics are unofficial estimates based on EITO ([www.eito.com](http://www.eito.com)) data.

**Best Prospects:** new technologies such as IP, VPN, VoIP and iDTV



## TRAVEL AND TOURISM SERVICES

Travel to the United States has rebounded following the events of 9/11, encouraging competition among transportation service providers. Airlines and tour operators have kept prices down and interest up. American, Continental, Delta, United, and US Airways currently offer direct service from Brussels to the United States, while other carriers provide service through nearby European cities.

The United States continues to be the long-haul favorite vacation destination among Belgians. Regular yearly increases in visitors are significant and expected to surpass pre-9/11 level by 2007, though the evolution of the market will depend upon the world political situation and economy. A cheaper dollar is a powerful boost for travel to the U.S. Extensive business and cultural ties between Belgium and the United States, as well as a deep interest in the American way of life, natural parks, big cities, and attractions, provide an excellent basis for promotion of the U.S. tourism industry.

New York, Florida and California continue to be the most popular destinations, though Chicago, Atlanta, Washington D.C., Boston and Cincinnati also see significant traffic. Most Belgian travelers visit more than one state in the U.S. and venture into a variety of locations. An increasing number of Belgian visitors choose to rent cars to visit towns and cities, thus increasing motor tourism.

The Visit USA Promotion and Marketing Bureau is a useful source of information for travel industry professionals and the general public. The organization annually handles over 40,000 requests for information. They also organize travel promotion events. Their major annual event is the Visit USA Workshop, which takes place March 10, 2004. At this event more than 50 exhibitors meet with over three hundred travel and trade professionals from Belgium and Luxembourg. Contact information for Visit USA is website: [www.visitusa.org](http://www.visitusa.org), E-mail: info @visitusa.org, and Fax: +32/ (0)3 230 09 14.

Travel and Tourism Services (\$ in millions)	2001	2002	2003
Total Market Size	7,655	7,606	6,555
Foreign Total Spending on Travel	5,741	5,705	4,916
Total Spending on Domestic Travel	1,914	1,901	1,639
Total Spending by Belgians Visiting U.S.	364	318	328
Total Number of Belgians Visiting U.S.	182,000	159,000	164,000
Exchange rate Euro per \$	1.12	1.06	0.87

**Best Prospects:** fly-and-drive packages, mobile home vacations, and event-specific packages (i.e. ski weeks, shopping trips, Disneyland).

## APPAREL

About \$17.79 billion of the Belgian consumer's purchasing power goes to textiles and clothing. The result of research conducted by FEDIS – the Belgian Federation of distributors - on its clothing sector on January 2005 underscores a significant increase of 1.28% in 2004 sales. Local production was estimated at \$2.6 billion. Textile fabric imports in 2003 were valued at \$4.3 billion. Belgian textile imports increased by 3.1% in 2003. Almost 85 % of Belgium's apparel imports originated from Europe, which is not surprising, given the free trade of goods and services within the European Union and the proximity of suppliers, or from the Far East given the low labor costs. Most imported apparel comprises Belgian brands that are manufactured abroad, as Belgian production is de-localized for almost 80%. The United States is seen as the frontrunner in hip-hop apparel, and upper market quality brands are highly regarded. CS Belgium has lately experienced an increase in questions on importing high-quality U.S. apparel. Both men's and women's outerwear, as well as work wear, baby articles, sportswear and clothing accessories are in demand. The soaring levels of the Euro against the Dollar offer great opportunities for U.S. exporters.